

## Message Text

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73

ACTION DLOS-07

INFO OCT-01 ARA-16 ISO-00 AF-10 EA-11 EUR-25 NEA-14 RSC-01

CG-00 CIAE-00 DODE-00 PM-07 H-03 INR-11 L-03 NSAE-00

NSC-07 PA-04 PRS-01 SP-03 SS-20 USIA-15 AID-20 CEQ-02

COA-02 COME-00 EB-11 EPA-04 IO-14 NSF-04 SCI-06 FEA-02

ACDA-19 AEC-11 AGR-20 DOTE-00 FMC-04 INT-08 JUSE-00

OMB-01 CIEP-03 CEA-02 OIC-04 TRSE-00 DRC-01 /297 W

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FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 5462

INFO USUN NEW YORK 773

UNCLAS CARACAS 8117

FROM US DEL LOS

E.O. 11652: N/A

TAGS: PLOS

SUBJECT: LOS: DAILY REPORT, COMMITTEE I, AUGUST 16

1. COMMITTEE I (C-I) HELD TWO INFORMAL SESSIONS AUGUST 16. A.M. SESSION OPENED WITH INTRODUCTION BY FRENCH REP OF 8-POWER DRAFT ON CONDITIONS OF EXPLOITATION (SPONSORED BY EC WITH EXCEPTION OF IRELAND). FRENCH REP INDICATED CLEAR CONVICTION THAT VERY PRECISE REGULATIONS WERE NEEDED IN CONVENTION AND, FOR THIS REASON, GROUP OF 77 PROPOSAL FOR BASIC CONDITIONS WAS UNACCEPTABLE. 8-POWER DRAFT IS SIMILAR IN APPROACH TO US POSITION ALTHOUGH IT CONTAINS PROVISION FOR QUOTA, PUBLIC ADVERTISING OF CLAIMS AND SELECTION BY AUTHORITY AMONG COMPETING APPLICANTS ON BASIS OF OBJECTIVE CRITERIA. LATER IN P.M. SESSION, USSR REP ESSENTIALLY SUPPORTED 8-POWER DRAFT WITH EXCEPTION OF HIS DEL'S PREFERENCE FOR THREE RATHER THAN TWO CATEGORIES OF MINERALS AND ITS VIEW

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THAT 9,000 SQUARE KILOMETERS FOR HYDROCARBON BLOCKS WAS FAR

TOO LARGE.

2. NORWEGIAN REP (EVENSEN) MADE LENGTHY INTERVENTION IN WHICH HE SUPPORTED GROUP OF 77 TEXT ON BASIC CONDITIONS AND STATED THAT IT WAS ALMOST IMPOSSIBLE TO DRAW UP DETAILED RULES LIKE THOSE IN US DRAFT FOR INCLUSION IN CONVENTION. HE CONDEMNED US AND 8-POWER DRAFTS AS ADOPTING PROVISIONS FROM MINING CODES FROM TURN OF CENTURY. IN HIS VIEW, FOLLOWING POINTS WERE PARTICULARLY ARCHAIC: A) AUTOMATIC LICENSING WOULD REDUCE AUTHORITY TO MERE REGISTRY; B) AUTHORITY WOULD HAVE NO POWER TO EVALUATE WHO WILL EXPLOIT AND WHAT MINERALS WILL BE EXPLOITED; C) LATTER SITUATION COULD LEAD TO WASTE OF RAW MATERIALS, LACK OF RESOURCE MANAGEMENT AND DANGERS OF POLLUTION; D) DURATION OF RIGHTS IN BOTH DRAFTS WERE TOO LONG; E) BLOCK SIZES, PARTICULARLY 9,000 SQUARE KILOMETERS FOR HYDROCARBONS IN 8-POWER DRAFT, WERE FAAR TOO LARGE; AND F) WORK OBLIGATIONS SHOULD NOT BE MEASURED IN FINANCIAL TERMS BUT BY ACTUAL WORK ACCOMPLISHED.

3. FRENCH REP SHARPLY RESPONDED TO NORWEGIAN CRITICISM, SAYING THAT IF IT WAS IMPOSSIBLE FOR CONFERENCE TO DEVELOP DETAILED REGULATIONS, THEN IT WOULD PERHAPS TAKE AUTHORITY MANY YEARS TO DO SO. GIVEN THAT NO PRODUCTION WOULD OCCUR UNTIL REGULATIONS WERE ADOPTED, SUCH RESULT WOULD PROBABLY PLEASE LANDBASED PRODUCERS BUT IT CONSTITUTED UNUSUAL INTERPRETATION OF COMMON HERITAGE.

4. U.S. C-1 REP. (RATINER) EXPLAINED THAT NORWEGIAN ATTACK MIGHT PROVE UNWARRANTED IF DELS RECOGNIZED THAT DEEP SEA MINING WAS IN PIONEERING STAGED. MANY COUNTRIES FOLLOWED MORE LIBERAL APPROACH TO MINING CODES IN AREAS WHERE RISKS WERE HIGH, TECHNOLOGY UNTRIED AND DESIRE EXISTED TO ENCOURAGE DEVELOPMENT. MOREOVER, HE SUGGESTED THAT PRINCIPAL DIFFICULTY WITH NORWEGIAN INTERVENTION WAS ITS ATTEMPT TO EXTRAPOLATE FROM EXPERIENCE IN HYDROCARBON DEVELOPMENT ON LAND. SUCH EXPERIENCE WAS NOT PARTICULARLY APPLICABLE TO MANGANESE NODULE MINING. DESL SHOULD RECALL THAT NODULES OCCUR IN THIN LAYER ON OCEAN FLOOR, THUS REQUIRING CONSIDERABLE AREA FOR ECONOMICALLY VIABLE MINING UNIT.

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IN ADDITION, NODULE MINING INVOLVED UNPROVEN TECHNOLOGY FOR ENGINEERING RETRIEVAL SYSTEM AND ALSO WAS CHARACTERIZED BY SUBSTANTIAL ECONOMIES OF SCALE. SMALLEST SEABED MINING UNIT UNDER CONSIDERATION WAS ONE MILLION TONS PER YEAR. US C-I REP ALSO DENIED THAT US PROPOSAL CONTEMPLATED INSUFFICIENT ENVIRONMENTAL CONTROLS, SINCE HIS DEL HAD EXPRESSLY STATED THAT ENVIRONMENTAL REGULATIONS SHOULD BE DEVELOPED THROUGH ELABORATE RULE-MAKING SYSTEM WITHIN

AUTHORITY.

5. ON GROUP OF 77 PROPOSAL, US C-I REP EXPRESSED APPRECIATION FOR CONSIDERABLE EFFORT PUT FORWARD BY LDC'S, BUT EXPLAINED THAT HIS DEL HAD FUNDAMENTAL DIFFICULTIES WITH DRAFT. GROUP OF 77 TEXT WAS BASICALLY ELABORATION OF THEIR PROPOSAL ON EXPLOITATION SYSTEM WHICH US OPPOSED. UNDERLYING REASONING IN NEW GROUP OF 77 TEXT WAS THAT AUTHORITY SHOULD HAVE DISCRETION TO MAKE MOST DECISIONS ON ITS OWN. SPECIFICALLY, US COULD NOT AGREE TO INCLUSION OF SCIENTIFIC RESEARCH, TRANSPORTATION, PROCESSING AND MARKETING PHASES IN BASIC CONDITIONS, NOR COULD IT AGREE TO PRODUCTION CONTROLS. HIS DEL WAS PLEASED WITH LDC RECOGNITION THAT RIGHTS SHOULD BE AWARDED ON NONDISCRIMINATORY BASIS, THAT PRIORITY OF RIGHTS IN MOVING FROM ONE STAGE TO ANOTHER WAS IMPORTANT AND THAT SECURITY OF TENURE SHOULD BE INCLUDED. HOWEVER, HIS DEL HAD MOST SEVERE RESERVATIONS ON PROVISION IN 77 TEXT WHICH WOULD ALLOW AUTHORITY TO EXPROPRIATE INVESTMENTS EVEN IN UNUSUAL CIRCUMSTANCES.

6. INFORMAL C-I CONCLUDED WITH BRIEF PROCEDURAL DISCUSSION IN WHICH CONSENSUS EMERGED THAT CHAIRMAN SHOULD REQUEST FORMAL C-I ON AUGUST 19 TO CREATE NEW WORKING GROUP FOR NEGOTIATION. IN ADDITION, CHAIRMAN OF GROUP OF 77 ANNOUNCED THAT GROUP HAD APPOINTED SMALL CONTACT GROUP WHICH WOULD ACT ON BEHALF OF ENTIRE GROUP OF 77 IN DIRECT NEGOTIATION.  
STEVENSON

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